



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

Date: 10/30/2007

GAIN Report Number: KE7016

Kenya

Grain and Feed

Kenya Wheat Update Report 2007

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Report Highlights:

During MY 2007, Kenya experienced a 20 percent decline in wheat production occasioned by unfavorable weather, reduced area under wheat and non availability of certified seed.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Nairobi [KE1]
[KE]

Production

Wheat is the second most important cereal in Kenya, after corn. It is predominantly grown in the Rift valley regions of Uasin Gishu, Narok, Marakwet, Elgeyo, Londiani, Molo, Nakuru and Timau areas. The altitude ranges between 1,200 mm and 1,500 mm above sea level, with annual rainfall ranging between 800 mm and 2,500 mm. Kenya produces both soft and hard variety wheat, with the later about 70 %. GOK estimates wheat consumption at over 720,000 tons per year and production between 270,000 – 360,000 tons. The balance is met through commercial imports and food aid.

FAS estimates wheat production for 2007 at 265,000 tons, a 20 % reduction from the previous year. The decline in production was occasioned by reduced area under wheat, unfavorable weather conditions, non availability of certified seed and poor agronomic practices among others.

PSD Table									
Country	Kenya								
Commodity	Wheat						(1000 HA)(1000 MT)(MT/HA)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008
Area Harvested	120	0	150	120	0	120	0	0	140
Beginning Stocks	50	0	50	125	0	160	75	0	145
Production	250	0	330	250	0	265	0	0	280
MY Imports	675	0	680	550	0	620	0	0	670
TY Imports	675	0	680	550	0	620	0	0	670
TY Imp. from U.S.	130	0	116	0	0	75	0	0	40
Total Supply	975	0	1060	925	0	1045	75	0	1095
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed Consumption	0	0	0	0	0	0	0	0	0
FSI Consumption	850	0	900	850	0	900	0	0	920
Total Consumption	850	0	900	850	0	900	0	0	920
Ending Stocks	125	0	160	75	0	145	0	0	175
Total Distribution	975	0	1060	925	0	1045	0	0	1095
Yield	2.08	0	2.2	2.08	0	2.2	0	0	2

Availability of planting material

Availability of certified seed was raised as a concern amongst large scale farmers making some farmers switch to corn and other enterprises. Seed recycling and low input use were common occurrences amongst medium to small scale farmers . Overall, non availability of certified seed and stable corn prices contributed to the decrease in area under wheat.

The 2007 long rains (March-May) were late and erratic leading to late planting and in some instances no planting at all. Low germination was reported with some farmers replanting. The rains picked up in intensity in May and uncharacteristically prolonged the rainy season to end of September. The main harvesting season was disrupted by heavy rainfall in August and September. The unexpected and prolonged rains (in some areas with hailstones) between the months of June and September adversely affected the crop. Increased sprays, lodging, grain falling, leaching and sprouting were reported as major concerns. The heavy rainfall hindered harvesting leading to hand harvesting in some areas.

Trade

Kenya meets its wheat shortfall through commercial imports and food aid, often linked to monetization to fund development and food security initiative. Wheat imports to Kenya have been on an increase over the last decade. Presently, wheat imports to Kenya attract 35 % duty while its neighboring countries Tanzania attract 10 % and Uganda Zero. The milling industry faces a major challenge since East African Community (EAC) member states which include Kenya, Uganda, Tanzania, Rwanda and Burundi are able to sell their flour into Kenya on a duty free basis. Kenya, on the other hand, must pay tariffs on flour exports to EAC member states. The disparities of the EAC internal tariffs have led to imports of flour and by products into Kenya from other EAC member states. Millers also face the threat of duty free flour imports from Egypt and Mauritius (COMESA Protocol).

Pressure on Kenyan millers has been exacerbated by the dramatic increase of the world wheat prices over the last one year. The price of the cheapest imported standard milling wheat C&F Mombasa has risen from US 370 in January 2007 to US 430 per ton in October 2007. U.S. wheat is 620 \$ per ton C&F Mombasa. Presently the average farm gate price is US 498 per ton compared to US 365 per ton last year.

With consumption trending upwards there are opportunities for U.S. wheat in Kenya.